



Impression Healthcare Limited
ACN 096 635 246

NOTICE OF EXTRAORDINARY GENERAL MEETING

For an extraordinary general meeting of the Company to be held at Meeting Room 4, Level 1, 757 Bourke Street, Docklands VIC 3008 on 26 June 2020 at 10:30am (AEST).

The Notice and the accompanying Explanatory Memorandum should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional adviser prior to voting.

Should you wish to discuss any matter please do not hesitate to contact the Company Secretary by telephone on +61 425 703 805.

IMPRESSION HEALTHCARE LIMITED
ACN 096 635 246

NOTICE OF EXTRAORDINARY GENERAL MEETING

Notice is hereby given that the extraordinary general meeting of shareholders of Impression Healthcare Limited (**Company**) will be held at Meeting Room 4, Level 1, 757 Bourke Street, Docklands VIC 3008 on 26 June 2020 at 10:30am (AEST) (**Meeting**).

The Explanatory Memorandum provides additional information on matters to be considered at the Meeting. The Explanatory Memorandum and the Proxy Form form part of this Notice.

The Directors have determined pursuant to regulation 7.11.37 of the *Corporations Regulations 2001* (Cth) that the persons eligible to vote at the Meeting are those who are registered as Shareholders on 24 June 2020 at 7:00pm (AEST).

In the event that the Meeting cannot be held due to restrictions imposed from the COVID-19 pandemic, the Chairman will, at his sole discretion, either adjourn the Meeting pursuant to clause 5.42.1 of the Company's constitution or postpone the Meeting pursuant to clause 5.46 of the Company's constitution, and will advise the Shareholders accordingly. In this case, the business of the Meeting will be resumed as soon as possible.

Terms and abbreviations used in the Notice and the Explanatory Memorandum will, unless the context requires otherwise, have the meaning given to them in Schedule 1.

AGENDA

Meeting Resolutions

Resolution 1 – Approval to issue Shares and Options to Joel Latham, CEO and Managing Director, as part of his FY20 remuneration package

To consider and, if thought fit, to pass with or without amendment, as an ordinary resolution the following:

"THAT for the purposes of ASX Listing Rule 10.11 and for all other purposes, the Shareholders approve the issue by the Company of 1,750,000 fully paid ordinary shares and 2,250,000 unlisted options to acquire new fully paid ordinary shares to Mr Joel Latham, CEO and Managing Director of the Company, on such terms as more particularly described in the explanatory statement which accompanies and forms part of this Notice of Meeting."

Resolution 2 – Approval to issue Shares and Options to Joel Latham, CEO and Managing Director, as part of his FY21 remuneration package

To consider and, if thought fit, to pass with or without amendment, as an ordinary resolution the following:

"THAT for the purposes of ASX Listing Rule 10.11 and for all other purposes, the Shareholders approve the issue by the Company of:

- (a) *that number of fully paid ordinary shares that is derived from the following formula:*

$$(1,750,000 \times (0.082208 / IHL15VWAP)),$$

where 'IHL15VWAP' means the 15 day VWAP of the Shares at the date of the issue of fully paid ordinary shares under this Resolution; and

- (b) *2,250,000 unlisted options to acquire new fully paid ordinary shares,*

to Mr Joel Latham, CEO and Managing Director of the Company, on such terms as more particularly described in the explanatory statement which accompanies and forms part of this Notice of Meeting."

Resolution 3 – Approval to issue Shares, Options and Performance Rights to Dr Sud Agarwal, Chief Medical Officer and Director

To consider and, if thought fit, to pass with or without amendment, as an ordinary resolution the following:

"THAT for the purposes of ASX Listing Rule 10.11 and for all other purposes, the following equity securities:

- (a) *4,000,000 fully paid ordinary shares;*
(b) *2,000,000 Milestone Performance Rights;*
(c) *30,303,593 Value Based Performance Rights; and*
(d) *200,000,000 unlisted options to acquire new fully paid ordinary shares,*

be issued to Dr Sud Agarwal on such terms and conditions as more particularly described in the explanatory statement which accompanies and forms part of this Notice of Meeting."

Resolution 4 – Ratification of issue of Shares and Options under October 2019 Placement

To consider and, if thought fit, to pass with or without amendment, as an ordinary resolution the following:

"THAT for the purposes of ASX Listing Rule 7.4 and for all other purposes, the Shareholders approve and ratify the issue by the Company under a placement made on 29 and 30 October 2019 of a total of 10,000,000 fully paid ordinary shares and 34,551,283 unlisted options to acquire new fully paid ordinary shares to sophisticated and professional investors on such terms as more particularly described in the explanatory statement which accompanies and forms part of this Notice of Meeting."

Resolution 5 – Change to Company Name

To consider and, if thought fit, to pass with or without amendment, as a **special resolution** the following:

"THAT for the purposes of section 157(1) and section 136(2) of the Corporations Act 2001 (Cth) and for all other purposes, the name of the Company be changed from 'Impression Healthcare Limited' to 'Incannex Healthcare Limited' and for all references to the Company's name in the constitution of the Company to be replaced with 'Incannex Healthcare Limited'."

Dated: 25 May 2020

By order of the Board

A handwritten signature in black ink, appearing to read 'Glenn Fowles', written over a horizontal line.

Glenn Fowles
Company Secretary

IMPRESSION HEALTHCARE LIMITED
ACN 096 635 246

EXPLANATORY MEMORANDUM

Section 1. Introduction

This Explanatory Memorandum has been prepared for the information of Shareholders in connection with the business to be conducted at the Meeting to be held at Meeting Room 4, Level 1, 757 Bourke Street, Docklands on **26 June 2020 at 10:30am (AEST)**.

This Explanatory Memorandum forms part of the Notice which should be read in its entirety. This Explanatory Memorandum contains the terms and conditions on which the Resolutions will be voted.

The extraordinary general meeting referred to in the Notice is being held so that the Shareholders can consider the Resolutions, which relate to matters that require the approval of Shareholders under ASX Listing Rule 10.11 and under section 157(1) and section 136(3) of the Corporations Act.

This Explanatory Memorandum includes the following information to assist Shareholders in deciding how to vote on the Resolutions:

Section 2	Voting Exclusions
Section 3	Action to be taken by Shareholders
Section 4	Resolution 1 – Approval of issue of Shares and Options to Joel Latham, CEO and Managing Director, as part of his FY20 remuneration package
Section 5	Resolution 2– Approval of issue of Shares and Options to Joel Latham, CEO and Managing Director, as part of his FY21 remuneration package
Section 6	Resolution 3 – Approval of issue of Shares and Options and Performance Rights to Dr Sud Agarwal, Chief Medical Officer and Director
Section 7	Resolution 4 – Ratification of issue of Shares and Options under October 2019 Placement
Section 8	Resolution 5 – Change to Company Name
Schedule 1	Definitions
Schedule 2	Terms of Options to be issued to Joel Latham (Resolution 1)
Schedule 3	Terms of Options to be issued to Joel Latham (Resolution 2)
Schedule 4	Terms of Options to be issued to Dr Sud Agarwal (Resolution 3)
Schedule 5	Terms of Performance Rights to be issued to Dr Sud Agarwal (Resolution 3)

A Proxy Form is located at the end of this Explanatory Memorandum.

Section 2. Voting Exclusions

2.1 Resolutions 1 and 2

The Company will disregard any votes cast in favour of Resolution 1 or Resolution 2 by or on behalf of Joel Latham or any associates of Joel Latham or any other person who will obtain a material benefit as a result of the issue of the securities.

2.2 Resolution 3

The Company will disregard any votes cast in favour of Resolution 3 by or on behalf of Dr Sud Agarwal or any associates of Dr Sud Agarwal, including Cannvalate, or any other person who will obtain a material benefit as a result of the issue of the securities.

2.2 Resolution 4

The Company will disregard any votes cast in favour of Resolution 4 by or on behalf of a person who participated in the October 2019 Placement or any associates of any such person.

2.3 Resolution 5

No voting exclusions apply to Resolution 5.

2.4 Exception

However, this does not apply to a vote cast in favour of a resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with the directions given to the proxy or attorney to vote on the resolution in that way;
- (b) the chair of the meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the chair to vote on the resolutions as the chair decided; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting and is not an associate of a person excluded from voting on the resolution; and
 - (ii) the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Section 3. Action to be taken by Shareholders

Shareholders should read the Notice including this Explanatory Memorandum carefully before deciding how to vote on the Resolutions.

Proxies

A Proxy Form is attached to the Notice. This is to be used by Shareholders if they wish to appoint a representative (a 'proxy') to vote in their place. All Shareholders are invited and encouraged to attend the Meeting or, if they are unable to attend in person, sign and return the Proxy Form to the Company in accordance with the instructions detailed in the Proxy Form. Lodgement of a Proxy Form will not preclude a Shareholder from attending and voting at the Meeting in person.

To vote by proxy, please complete and sign the enclosed Proxy Form and return it by:

1. post to:

Impression Healthcare Limited OR
C/- Automic
GPO Box 5193
Sydney NSW 2001;

Impression Healthcare Limited
C/- Automic
Level 5, 126 Phillip Street
Sydney NSW 2000

2. email to meetings@automicgroup.com.au

so that it is received not later than **24 June 2020 at 10.30am** (AEST). Proxy Forms received later than this time will be invalid.

Please note that:

- (a) a proxy need not be a Shareholder;
- (b) a Shareholder may appoint a body corporate or an individual as its proxy;
- (c) a body corporate appointed as a Shareholder's proxy may appoint an individual as its representative to exercise any of the powers that the body corporate may exercise as the Shareholder's proxy; and
- (d) Shareholders entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise, but where the proportion or number is not specified, each proxy may exercise half of the votes.

If a Shareholder appoints a body corporate as its proxy and the body corporate wishes to appoint an individual as its representative, the body corporate should provide that person with a certificate or letter executed in accordance with the Corporations Act authorising him or her to act as that body corporate's representative. The authority may be sent to the Company or its share registry in advance of the Meeting or handed in at the Meeting when registering as a corporate representative.

If you appoint the Chairman as your proxy and do not direct him how to vote, you are authorising the Chairman to cast your undirected vote on all proposed resolutions. If you appoint any other member of the Company's key management personnel or their closely related party as your proxy, they will not be able to vote your proxy on Resolutions 1, 2 or 3 unless you have directed them how to vote.

Section 4. Approval of Issue of Shares and Options to Joel Latham, CEO and Managing Director, as part of his FY20 remuneration package (Resolution 1)

This Section provides further information relating to Resolution 1 of the Notice.

4.1 Background

Mr Joel Latham is the CEO and the Managing Director of the Company. Under his employment agreement with the Company, Mr Latham is entitled to receive, in respect of FY20:

- (a) 1,750,000 Shares; and
- (b) 2,250,000 Options,

subject to Shareholder approval at the Meeting. The terms and conditions attaching to these Shares and Options are outlined below and at Schedule 2.

Joel Latham currently holds or controls 10,245,795 Shares, 4,437,500 Options and 6,000,000 Performance Rights.

4.2 Effect of Approval

Under ASX Listing Rule 10.11, a listed company must obtain the approval of its shareholders before it can issue securities to a related party. The proposed issue of Shares and Options to Joel Latham requires Shareholder approval under ASX Listing Rule 10.11. Pursuant to ASX Listing Rule 7.2 (Exception 14), issues of securities that receive Shareholder approval under ASX Listing Rule 10.11 do not take up any part of the Company's placement capacity.

If Resolution 1 is approved by the Shareholders, the issue of Shares and Options to Joel Latham must be completed within 1 month after the date of this Meeting (as may be adjourned or postponed).

4.3 Required Information

In compliance with ASX Listing Rule 10.13, the Company provides the following information:

Name of the Related Party	Joel Latham, CEO and Managing Director of the Company.
Number of securities to be issued	1,750,000 Shares and 2,250,000 Options.
Date by which the securities will be issued	Not more than 1 month after the date of the Meeting (as may be adjourned or postponed).
Terms of securities	1,750,000 Shares will be issued to Joel Latham within 1 month of the date of the Meeting. However, these Shares will be subject to voluntary escrow and under a holding lock at the time of their issue, with one-third of these Shares being released from voluntary escrow and their holding lock on

each of the following dates, provided Joel Latham remains employed by the Company on the relevant date:

- (a) 583,334 Shares on 1 July 2020;
- (b) 583,333 Shares on 1 July 2021; and
- (c) 583,333 Shares on 1 July 2022.

If Joel Latham ceases to be employed by the Company on or before the date on which the relevant Shares are due to be released from voluntary escrow and their holding lock, then those Shares will be immediately forfeited by Joel Latham.

2,250,000 Options will be issued to Joel Latham within 1 month of the date of the Meeting. The exercise price of each of these Options will be equal to the 15-day VWAP of Shares traded on ASX immediately prior to the date of issue, rounded (up or down) to the nearest whole cent.

These Options will not be listed and will not be transferrable before the relevant vesting date. These Options will vest on their relevant vesting date, provided that as at that date, Joel Latham remains employed by the Company. The relevant vesting date for these Options is as follows:

- (a) for 750,000 Options, the vesting date is 1 July 2020;
- (b) for 750,000 Options, the vesting date is 1 July 2021; and
- (c) for 750,000 Options, the vesting date is 1 July 2022.

The expiry date for the exercise of these Options is the date that is 5 years after the date on which they vest. The Options may be exercised at any time after vesting and prior to expiry, even if Joel Latham is not employed by the Company at the time of exercise.

Issue price of the securities

The Shares and Options are to be issued at a nil issue price, and are issued to Joel Latham under the terms of his employment contract with the Company. The exercise price for each Option is the 15-day VWAP of Shares traded on ASX immediately prior to the date of issue, rounded (up or down) to the nearest whole cent.

Each Option is able to be exercised once it has vested, even if at the time of exercise Joel Latham is no longer employed by the Company.

Use of funds raised

The Shares and Options to be issued to Joel Lathan will be done so under the terms of his employment contract with the Company. The Shares to be issued to Joel Lathan under this arrangement will form part of the remuneration payable to him and so no funds will be raised from the issue of Shares.

However, if the Options vest and are able to be exercised, they may only be exercised upon payment of the relevant exercise price per Option. Any proceeds from the exercise of Options will be used to further pursue the Company's stated business objectives.

Details of Joel Latham's current total remuneration package

The following are the key terms of Joel Latham's current total remuneration package:

- Base salary of \$180,000 per annum, plus superannuation.
- Additional director's fees of \$30,000 per annum.
- Vehicle allowance of up to \$19,500 per annum.
- STI of up to 50% of base salary, subject to profitability and other hurdles as determined by the Company's board of directors from time to time. STI rewards may, at the election of the employee, be paid in cash or in Shares at a price determined as 75% of the 15-day VWAP of Shares traded on ASX immediately prior to the date of issue (subject to Shareholder approval).
- LTI comprising an annual grant of Shares and Options. For FY20, the amount to be granted is 1,750,000 Shares and 2,250,000 Options (subject to Shareholder approval of Resolution 1).

4.4 Voting Exclusions

Some voters may not be allowed to vote on Resolution 1. Please refer to the Voting Exclusion in Section 2.

4.5 Board Recommendations

The Chairman intends to exercise all available proxies in favour of Resolution 1.

The Board (other than Joel Latham, who abstains from making any recommendation) recommends that Shareholders vote in favour of Resolution 1.

Section 5. Approval of Issue of Shares and Options to Joel Latham, CEO and Managing Director, as part of his FY21 remuneration package (Resolution 2)

This Section provides further information relating to Resolution 2 of the Notice.

5.1 Background

Mr Joel Latham is the CEO and the Managing Director of the Company. Under his employment agreement with the Company, Mr Latham is entitled to receive, in respect of FY21:

- (a) that number of Shares that is derived from the following formula:

$$(1,750,000 \times (0.082208 / \text{IHL15VWAP})),$$

where 'IHL15VWAP' means the 15 day VWAP of the Shares at the date of issue of Shares to Joel Latham under Resolution 2; and

- (b) 2,250,000 Options,

subject to Shareholder approval at the Meeting. The terms and conditions attaching to these Shares and Options are outlined below and at Schedule 3.

Joel Latham currently holds or controls 10,245,795 Shares, 4,437,500 Options and 6,000,000 Performance Rights.

5.2 Overview of the formula used to determine the number of Shares to be issued

Joel Latham's employment contract provides for an annual grant of 2,250,000 Options. It also provides for an annual grant of Shares. The number of Shares to be issued to Joel Latham is 1,750,000 Shares in respect of FY20 (this is the subject of Resolution 1). In each year after FY20, the number of Shares to be issued to Joel Latham is based on the formula outlined in Resolution 2 and in Section 5.1(a) above.

The incentive structure under Joel Latham's employment contract that provides for an annual grant of Shares and Options to him was agreed between the Company and Joel Latham on 3 September 2019. As at 3 September 2019 (ie. the date on which the incentive structure for Joel Latham was put in place), the 15 day VWAP of the Shares was \$0.082208. Based on this VWAP, the agreed issue of 1,750,000 Shares for FY20 is worth \$143,864 (ie. $1,750,000 \times \$0.082208$). The effect of the formula referred to in Section 5.1(a) above is to issue that number of Shares to Joel Latham each year that have an aggregate monetary value of \$143,864.

The table below provides some examples of the number of Shares to be issued to Joel Latham as part of his FY21 remuneration package, depending on the applicable 15 day VWAP of the Shares at the time of issue.

15 day VWAP of the Shares	Formula	Number of Shares to be issued	Value of Shares to be issued (based on the 15 day VWAP)
\$0.04	$(1,750,000 \times (0.082208 / 0.04))$	3,596,600	\$143,864
\$0.05	$(1,750,000 \times (0.082208 / 0.05))$	2,877,280	\$143,864

\$0.06	$(1,750,000 \times (0.082208 / 0.06))$	2,397,733	\$143,864
\$0.82208	$(1,750,000 \times (0.082208 / 0.082208))$	1,750,000	\$143,864

5.3 Effect of Approval

Under ASX Listing Rule 10.11, a listed company must obtain the approval of its shareholders before it can issue securities to a related party. The proposed issue of Shares and Options to Joel Latham requires Shareholder approval under ASX Listing Rule 10.11. Pursuant to ASX Listing Rule 7.2 (Exception 14), issues of securities that receive Shareholder approval under ASX Listing Rule 10.11 do not take up any part of the Company's placement capacity.

If Resolution 2 is approved by the Shareholders, the issue of Shares and Options to Joel Latham must be completed within 1 month after the date of this Meeting (as may be adjourned or postponed).

5.4 Required Information

In compliance with ASX Listing Rule 10.13, the Company provides the following information:

Name of the Related Party	Joel Latham, CEO and Managing Director of the Company.
Number of securities to be issued	That number of Shares derived from the formula set out in Section 5.1(a) and explained in Section 5.2, and 2,250,000 Options.
Date by which the securities will be issued	Not more than 1 month after the date of the Meeting (as may be adjourned or postponed).
Terms of securities	<p>The applicable number of Shares will be issued to Joel Latham within 1 month of the date of the Meeting. However, these Shares will be subject to voluntary escrow and under a holding lock at the time of their issue, with one-third of these Shares being released from voluntary escrow and their holding lock on each of the following dates, provided Joel Latham remains employed by the Company on the relevant date:</p> <ul style="list-style-type: none"> (a) one-third of the Shares on 1 July 2021; (b) one-third of the Shares on 1 July 2022; and (c) one-third of the Shares on 1 July 2023. <p>If Joel Latham ceases to be employed by the Company on or before the date on which the relevant Shares are due to be released from voluntary escrow and their holding lock, then those</p>

Shares will be immediately forfeited by Joel Latham.

2,250,000 Options will be issued to Joel Latham within 1 month of the date of the Meeting. The exercise price of each of these Options will be equal to the 15-day VWAP of Shares traded on ASX immediately prior to the date of issue, rounded (up or down) to the nearest whole cent.

These Options will not be listed and will not be transferrable before the relevant vesting date. These Options will vest on their relevant vesting date, provided that as at that date, Joel Latham remains employed by the Company. The relevant vesting date for these Options is as follows:

- (a) for 750,000 Options, the vesting date is 1 July 2021;
- (b) for 750,000 Options, the vesting date is 1 July 2022; and
- (c) for 750,000 Options, the vesting date is 1 July 2023.

The expiry date for the exercise of these Options is the date that is 5 years after the date on which they vest. The Options may be exercised at any time after vesting and prior to expiry, even if Joel Latham is not employed by the Company at the time of exercise.

Issue price of the securities

The Shares and Options are to be issued at a nil issue price, and are issued to Joel Latham under the terms of his employment contract with the Company. The exercise price for each Option is the 15-day VWAP of Shares traded on ASX immediately prior to the date of issue, rounded (up or down) to the nearest whole cent.

Each Option is able to be exercised once it has vested, even if at the time of exercise Joel Latham is no longer employed by the Company.

Use of funds raised

The Shares and Options to be issued to Joel Latham will be done so under the terms of his employment contract with the Company. The Shares to be issued to Joel Latham under this arrangement will form part of the remuneration payable to him and so no funds will be raised from the issue of Shares.

However, if the Options vest and are able to be exercised, they may only be exercised upon payment of the relevant exercise price per Option.

Any proceeds from the exercise of Options will be used to further pursue the Company's stated business objectives.

Details of Joel Latham's current total remuneration package

The key terms of Joel Latham's current total remuneration package are set out in Section 4.3.

5.5 Voting Exclusions

Some voters may not be allowed to vote on Resolution 2. Please refer to the Voting Exclusion in Section 2.

5.6 Board Recommendations

The Chairman intends to exercise all available proxies in favour of Resolution 2.

The Board (other than Joel Latham, who abstains from making any recommendation) recommends that Shareholders vote in favour of Resolution 2.

Section 6. Approval of issue of Shares and Options and Performance Rights to Dr Sud Agarwal, Chief Medical Officer and Director (Resolution 3)

This Section provides further information relating to Resolution 3 of the Notice.

6.1 Background: Original Package approved by Shareholders at 2019 AGM

At the 2019 AGM, the Shareholders approved the grant of the Original Package to Dr Sud Agarwal, the details of which are set out below (and in the Company's Notice of Annual General Meeting dated 4 September 2019).

At the 2019 AGM, Dr Sud Agarwal (a director and shareholder of Cannvalate) was elected as Director of the Company, having been appointed to the Board as a casual vacancy on 25 July 2019. Dr Sud Agarwal currently holds or controls 32,000,000 Shares, 88,000,000 Options and zero Performance Rights. If Shareholders approve Resolution 3 then after the Shares and Options and Performance Rights are issued to Dr Sud Agarwal, he will hold or control 36,000,000 Shares, 288,000,000 Options and 32,303,593 Performance Rights. As each of the existing shareholdings are held in the name of Cannvalate, Dr Sud Agarwal does not have sole discretion over the acquisition or disposal of these holdings and this will apply to any future holdings, including those issued pursuant to Resolution 3.

At the 2019 AGM, the Company obtained Shareholder approval pursuant to ASX Listing Rule 10.11 for the issue of 200,000,000 Options, 6,000,000 Milestone Performance Rights and 30,303,593 Value Based Performance Rights (**Original Package**) to Dr Sud Agarwal in accordance with the terms of his Chief Medical Officer Appointment Agreement dated July 2019 (**CMO Appointment Agreement**).

Under the CMO Appointment Agreement, Dr Agarwal is entitled to receive:

- (a) 6,000,000 Milestone Performance Rights conditional on the achievement of certain milestone activities as set out in Section 6.2 below;
- (b) 30,303,953 Value Based Performance Rights conditional on the performance of the Company as set out in Section 6.3 below; and
- (c) 200,000,000 Options to acquire new fully paid shares of the Company on the terms set out in Section 6.4 below and Schedule 4.

An ASX requirement in relation to the approval obtained at the 2019 AGM was that these securities had to be issued to Dr Agarwal within one month of the approval being obtained. This did not occur and consequently the Company now requires further Shareholder approval in relation to the Revised Package, which is an updated incentive package to Dr Sud Agarwal (details set out at Section 6.5 below).

6.2 Terms of the 6,000,000 Original Milestone Performance Rights, the 4,000,000 new Shares and the 2,000,000 new Milestone Performance Rights

Set out below are the original terms of the 6,000,000 Milestone Performance Rights that the Company (and its Shareholders) agreed be issued to Dr Sud Agarwal, but which (as outlined above) were never issued.

Item and Milestone Date	Milestone Activity	Milestone Performance Rights
#1 31 August 2019	Rebrand Company and create four sub-brands for Four Products with clinical feel	
	Set up medical board, negotiate commercial terms with the board of the Company	
	Clinical literature appraisal for each of the research areas related to the Four Products	
	Create presentation for each of the Four Product trial areas	
	Total for August 2019 Milestone	Converts to 1,000,000 Shares
#2 30 September 2019	Clinical interviews with each Four Product champion	
	Investment Roadshow	
	Medical briefing papers (clinician facing document for each trial)	
	Total for September 2019 Milestone	Converts to 1,000,000 Shares
#3 31 October 2019	Commercialisation Strategy for each Four products	
	Formulation Strategy for Four products	
	Total for October 2019 Milestone	Converts to 1,000,000 Shares
#4 30 November 2019	Branding and packaging for Four Products	
	Research on defensible IP for Four Products	
	Total for November 2019 Milestone	Converts to 1,000,000 Shares
#5 31 December 2019	Medical patent lodgement	
	Total for December 2019 Milestone	Converts to 1,000,000 Shares
#6 31 January 2020	Presentation to Institutional Investors with medical sector analysts	
	Draft new presentation update on the Four Product Trials	
	Attendance at medical board dinner and catch-up	
	Total for January 2020 Milestone	Converts to 1,000,000 Shares

The milestone activities for each of Milestones 1, 2, 3 and 5 were satisfied and so Dr Agarwal has a contractual entitlement to receive 4,000,000 Shares for the achievement of these Milestones. If Shareholders approve Resolution 3, the Company will issue these 4,000,000 Shares to Dr Agarwal within one month of Shareholder approval being obtained. Each of these Shares will have the same rights and rank equally in all respects with all other issued Shares.

Milestones 4 and 6 were not achieved for a number of reasons, including the following:

- (a) The Company's collaboration relationship with AXIM Biotechnologies Inc. has ceased after a long period of inactivity and the Company is no longer seeking to undertake CBD related trials for periodontitis or gum disease. Therefore, any Milestones associated with the progress of trials relating to periodontitis or gum disease could not have been achieved.

- (b) The Company has been exploring the use of hydroxychloroquine and CBD for the potential treatment of sepsis-associated Adult Respiratory Distress Syndrome. In this regard, the Company is developing IHL-675A, a novel small molecule therapeutic comprising both hydroxychloroquine and CBD. Dr Agarwal has been at the forefront of IHL's efforts in pursuing this project, which has resulted in the dedication of less time to IHL's other trials than may have been previously anticipated.

In light of this development, the Company considers it appropriate to revise the Original Package to include some new Milestones in connection with the development of IHL-675A and the further development of IHL-42X (sleep apnoea) and IHL-216A (traumatic brain injury). There are a total of 2,000,000 Milestone Performance Rights ascribed to these new Milestones, further details of which are set out in Section 6.5.

6.3 Terms of the 30,303,593 Value Based Performance Rights

Performance Milestone	Number of Value Based Performance Rights
A fully diluted market capitalisation of \$60M*	1,600,000 Value Based Performance Rights are able to be exercised resulting in the issue of 1,600,000 Shares
A fully diluted market capitalisation of \$125M*	An additional 7,263,280 Value Based Performance Rights are able to be exercised resulting in the issue of an additional 7,263,280 Shares
A fully diluted market capitalisation of \$150M*	An additional 9,403,048 Value Based Performance Rights are able to be exercised resulting in the issue of an additional 9,403,048 Shares
A fully diluted market capitalisation of \$200M*	An additional 12,037,265 Value Based Performance Rights are able to be exercised resulting in the issue of an additional 12,037,265 Shares

*The Performance Milestone is satisfied upon the fully diluted market capitalisation being at or above the specified milestone value at the close for any five trading days prior to the expiry date of the Performance Right set out in Schedule 5 of this Notice (being 22 November 2021).

Note 1: Fully Diluted Market Capitalisation is defined as all fully paid ordinary and in-the-money option securities multiplied by the ASX closing price of the Company shares minus the aggregated exercise value of option securities.

Note 2: Other terms of the Value Based Performance Rights as set out in Schedule 5.

Note 3: The terms of the Value Based Performance Rights have not changed from the Original Package.

6.4 Terms of the 200,000,000 Options

- (a) The Options comprise of 200,000,000 Options to acquire new fully paid ordinary shares of the Company. Each Option has an Exercise Price of \$0.20 and an Expiry Date of 30 September 2021. Each Option also has a vesting condition (refer to paragraph (b) below).
- (b) The Options vest upon the Shares having a closing price of \$0.20 per Share or more for any five (5) trading days, at any time from the date of grant of the Options until the Expiry Date of the Options (being 30 September 2021).
- (c) The terms of these Options have not changed from the Original Package.

6.5 Revised Package

The Company now seeks Shareholder approval pursuant to ASX Listing Rule 10.11 for the issue of the Revised Package, being:

- (a) 4,000,000 Shares;
- (b) 2,000,000 Milestone Performance Rights;
- (c) 30,303,593 Value Based Performance Rights; and
- (d) 200,000,000 Options.

Note, the number of the Value Based Performance Rights and the Options, including the conditions attaching to their vesting, are unchanged from the Original Package.

With respect to the 6,000,000 Milestone Performance Rights forming part of the Original Package, the conditions attaching to the vesting of 4,000,000 of those have been satisfied and so it is proposed under the Revised Package that 4,000,000 Shares be issued to Dr Agarwal (to reflect that these Milestones were achieved).

As noted in Section 6.2, the Milestones relating to the remaining 2,000,000 Milestone Performance Rights were, as it turned out, practically unattainable, and so the Company has proposed the grant of 2,000,000 new Milestone Performance Rights as part of the Revised Package on the terms set out in Schedule 5 and on the following terms:

Item and Milestone Date	Milestone Activity	Milestone Performance Rights
#1 31 March 2021	Ethics approval for IHL-42X clinical trial (sleep apnoea)	
	Completion of IHL-42X Phase 2b clinical trial	
	Total for 31 March 2021 Milestone	Converts to 666,667 Shares
#2 30 April 2021	Ethics approval for IHL-216A clinical trial (traumatic brain injury)	
	Completion of TBI phase 2b clinical trial	
	Total for 30 April 2021 Milestone	Converts to 666,667 Shares
#3 28 February 2021	Completion of animal study for Adult Respiratory Distress Syndrome	
	Being granted an Emergency Use Authorisation for IHL-675A by the FDA	
	Total for 28 February 2021 Milestone	Converts to 666,666 Shares

6.6 Effect of Approval of the Revised Package

Under ASX Listing Rule 10.11, a listed company must obtain the approval of its shareholders before it can issue securities to a related party. The proposed issue of the Revised Package to Dr Sud Agarwal requires Shareholder approval under ASX Listing Rule 10.11. Pursuant to ASX

Listing Rule 7.2 (Exception 14), issues of securities that receive Shareholder approval under ASX Listing Rule 10.11 do not take up any part of the Company's placement capacity.

6.7 Required Information

In compliance with ASX Listing Rule 10.13, the Company provides the following information:

Name of the Related Party	Dr Sud Agarwal.
Number of securities to be issued	(a) 4,000,000 Shares; (b) 2,000,000 Milestone Performance Rights; (c) 30,303,593 Value Based Performance Rights; and (d) 200,000,000 Options.
Date by which the securities will be issued	Not more than 1 month after the date of the Meeting (as may be adjourned or postponed).
Terms of securities	(1) The 4,000,000 Shares to be issued to Dr Agarwal will rank equally with other existing fully paid ordinary shares in the Company. (2) The terms of the Milestone Performance Rights are set out at Schedule 5 and in Section 6.5. (3) The Value Based Performance Rights are set out at Schedule 5 and in Section 6.3. (4) The Options are options to acquire new fully paid ordinary shares. The terms of the Options are set out in Section 6.4 and Schedule 4. (5) The Shares issued upon exercise of a Milestone Performance Right, Value Based Performance Right or Option will rank equally with other existing fully paid ordinary shares in the Company.
Issue price of the securities	The 4,000,000 Shares are to be issued at a nil issue price. The Milestone Performance Rights, Value Based Performance Rights and Options are to be issued at a nil issue price. The Milestone Performance Rights and Value Based Performance Rights each have a nil exercise price. Each Option has an exercise price of \$0.20 and an expiry date of 30 September 2021.
Use of funds raised	The 4,000,000 Shares and the Milestone Performance Rights, the Value Based Performance

Rights and the Options to be issued to Dr Sud Agarwal will occur pursuant to the CMO Appointment Agreement entered into by the Company and Dr Sud Agarwal for his role as CMO of the Company.

Any Shares issued, including on the vesting of the Milestone Performance Rights or the Value Based Performance Rights, will form part of the remuneration payable to Dr Sud Agarwal and so no funds will be raised from the issue of these Shares.

Any proceeds from the Shares issued on the exercise of Options will be used to further pursue the Company's stated business objectives.

Details of Dr Sud Agarwal's current total remuneration package

The following are the key terms of Joel Latham's current total remuneration package:

- Base salary of \$90,000 per annum, plus superannuation.
- Additional director's fees of \$30,000 per annum.
- Incentive package comprising of the 4,000,000 Shares, the 2,000,000 Milestone Performance Rights, the 30,303,593 Value Based Performance Rights and the 200,000,000 Options that are the subject of Resolution 3.

6.7 Voting Exclusions

Some voters may not be allowed to vote on Resolution 3. Please refer to the Voting Exclusion in Section 2.

6.8 Board Recommendation

The Chairman intends to exercise all available proxies in favour of Resolution 3. The Board recommends that Shareholders vote in favour of Resolution 3.

Section 7. Ratification of issue of Shares and Options under October 2019 Placement (Resolution 4)

7.1 Background

This Section provides further information relating to Resolution 4 of the Notice.

The Company seeks Shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of 10,000,000 Shares and 34,551,283 Options under the October 2019 Placement. These Shares and Options were issued to sophisticated and professional investors on 29 and 30 October 2019 under the Company's capacity to issue securities pursuant to ASX Listing Rule 7.1.

ASX Listing Rule 7.1 provides that a company must not, during a 12 month period, issue or agree to issue in excess of 15% of the number of securities on issue at the commencement of that 12 month period without shareholder approval.

ASX Listing Rule 7.4 allows for the ratification of previous issues of securities made without shareholder approval provided that the issue of securities did not breach the Company's placement capacity under ASX Listing Rule 7.1. Those securities will be treated as having been made with approval for the purpose of ASX Listing Rule 7.1 upon ratification of the issue by shareholders at a general meeting. Accordingly, if the Company's Shareholders ratify the issue of 10,000,000 Shares and 34,551,283 Options that occurred on 29 and 30 October 2019, these Shares and Options will be deemed to have been issued with Shareholder approval.

7.2 Effect of Ratification

The effect of the ratification of the issue of 10,000,000 Shares and 34,551,283 Options is that the Company's placement capacity under the ASX Listing Rules will be enhanced by a total of 44,551,283 equity securities and therefore enabling the Company to issue further securities, subject to the ASX Listing Rules, in the next 12 months without Shareholder approval.

7.3 Requirement Information

In compliance with ASX Listing Rule 7.5, the Company provides the following information:

Number of securities issued	10,000,000 Shares and 34,551,283 Options issued under the October 2019 Placement. The Options comprise of: (a) 32,051,283 free attaching Options issued to October 2019 Placement participants on the basis of one Option granted for every two Shares issued in connection with the October 2019 Placement; and (b) 2,500,000 Options issued to Peloton Capital Pty Ltd and other brokers participating in the October 2019 Placement.
Fixed issue price per security	The Shares were issued at a price of \$0.078 per Share. The Options were issued at a nil issue price per Option with an exercise price of \$0.08 and an expiry date of 30 September 2021.
Recipients of issue	Sophisticated and professional investors, being clients of Peloton Capital Pty Ltd.

Terms of securities

The Shares are fully paid ordinary shares. The Shares issued rank equally with other existing fully paid ordinary shares in the Company. The terms of the Options are set out in full in section 4.2 of the Prospectus issued by the Company on 24 October 2019 (pages 21-23) and lodged with ASIC and ASX on that date.

Use of funds raised

The proceeds of the October 2019 Placement have been and will continue to be used to facilitate the advancement of medicinal cannabis trials into Concussion, Sleep Apnoea, TMJ Disorder and Acute Respiratory Disorder Syndrome, as well as the purchase of high quality medicinal cannabis oils for sale into the Australian market and the manufacture of other medicinal cannabis products. Expenses associated with the October 2019 Placement were paid out of the proceeds of the October 2019 Placement.

7.4 Voting Exclusions

Some voters may not be allowed to vote on Resolution 4. Please refer to the Voting Exclusion in Section 2.

7.5 Board Recommendation

The Chairman intends to exercise all available proxies in favour of Resolution 4.

The Board recommends that Shareholders vote in favour of Resolution 4.

Section 8. Change of Company Name (Resolution 5)

This Section provides further information relating to Resolution 5 of the Notice.

8.1 Background

The new name proposed to be adopted under Resolution 5 is “Incannex Healthcare Limited” (**New Name**).

As Shareholders are aware, the Company has significantly increased its involvement in the medicinal cannabis business and associated clinical trials in the last 12 months. The Company also intends to further increase its focus on the medicinal cannabis business, including on the import, export and distribution of medicinal cannabis products, in the foreseeable future. Therefore, the Directors are of the view that the New Name more accurately reflects the existing activities of the Company and the ongoing future operations of the Company and its increased focus on medicinal cannabis.

8.2 Regulatory Approval Requirements

The Company is seeking, in accordance with section 157(1)(a) of the Corporations Act, Shareholder approval by way of special resolution for name of the Company to be changed to the New Name.

The Company also seeks approval under section 136(2) of the Corporations Act, to the Company's Constitution being updated to reflect the change of name. In accordance with section 136(2) of the Corporations Act, the Constitution of the Company can only be amended by a special resolution passed by at least 75% of the votes cast by Shareholders present and voting at a general meeting whether in person, proxy or attorney or in the case of a corporate Shareholder or proxy, by a natural person representative.

If Resolution 5 is passed by way of special resolution, the change of name will take effect when ASIC alters the details of the Company's registration. The New Name has already been reserved with ASIC by the Company.

8.3 Board Recommendations

The Chairman intends to exercise all available proxies in favour of Resolution 5.

The Board recommends that Shareholders vote in favour of Resolution 5.

Schedule 1 - Definitions

In the Notice and this Explanatory Memorandum, words importing the singular include the plural and vice versa.

\$ means Australian Dollars.

2019 AGM means the 2019 annual general meeting of the Company held on 4 October 2019.

AEST means Australian Eastern Standard Time, being the time in Melbourne, Victoria.

ASX means ASX Limited (ACN 008 624 691) and, where the context permits, the Australian Securities Exchange operated by ASX.

ASX Listing Rules means the listing rules of ASX.

Board means the board of Directors.

CEO means chief executive officer.

CMO means chief medical officer.

Chairman means the person appointed to chair the Meeting convened by the Notice.

Cannvalate means Cannvalate Pty Ltd ACN 625 982 756.

Company means Impression Healthcare Limited (ACN 096 635 246).

Corporations Act means the *Corporations Act 2001* (Cth).

Director means a director of the Company.

Explanatory Memorandum means the explanatory memorandum which forms part of the Notice.

Four Products means products originating from four clinical trials that were being conducted by the Company and Cannvalate Pty Ltd at the time the Original Package was set. Those four trials consisted of four separate phase 1 trials for Sleep Apnoea, Concussion, TMJ Disorder and Gum Disease. The phase 1 trials for Sleep Apnoea, Concussion and TMJ Disorder are continuing, however, the phase 1 trial for Gum Disease has since been abandoned.

FY20 means the financial year ending 30 June 2020.

FY21 means the financial year ending 30 June 2021.

Meeting has the meaning in the introductory paragraph of the Notice.

Milestone Performance Rights means the entitlement to shares in the Company conditional upon the achievement of milestones calculated in accordance with Section 6 and Schedule 5.

Notice means this notice of extraordinary general meeting which comprises of the notice, agenda, Explanatory Memorandum and Proxy Form.

October 2019 Placement means the placement of Shares and Options to sophisticated and professional investors undertaken by the Company in October 2019 to raise a total of \$5 million.

Option means an option which entitles the holder to apply for one Share.

Original Package means the CMO package approved by Shareholders on 4 October 2019, as set out in further detail in Section 6.1.

Proxy Form means the proxy form attached to the Notice.

Resolution means a resolution contained in the Notice.

Revised Package means the revised CMO package substantially based on the CMO Appointment Agreement, as set out in further detail in Section 6.5.

Schedule means a schedule to this Explanatory Memorandum.

Section means a section of this Explanatory Memorandum.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a shareholder of the Company.

Value Based Performance Rights means the entitlement to Shares conditional upon the performance of the Company calculated in accordance with Section 6 and Schedule 5.

VWAP means volume weighted average price.

Schedule 2 – Rights attaching to the Options to be issued to Joel Latham (Resolution 1)

The rights attaching to the Options to be issued to Joel Latham are set out in Section 4.3 and in this Schedule 2.

1.1 Entitlement

Each Option entitles the holder to apply for one Share upon the exercise of the Option.

1.2 Exercise Price and Expiry Date

Each of the Options have an exercise price that is equal to the 15-day VWAP of Shares traded on ASX immediately prior to the date of issue, rounded (up or down) to the nearest whole cent (**Exercise Price**). The expiry date of each Option is 5.00pm (AEST) on the date that is 5 years after the relevant Vesting Date (**Expiry Date**).

1.3 Vesting Date and Exercise Period

The Options are exercisable from the following dates (each, a **Vesting Date**), subject to satisfaction of the Vesting Condition:

- (a) 750,000 Options vest on 1 July 2020;
- (b) 750,000 Options vest on 1 July 2021; and
- (c) 750,000 Options vest on 1 July 2022.

1.4 Vesting Condition

The Vesting Condition requires Joel Latham to remain employed by the Company at the relevant Vesting Date.

1.5 Notice of Exercise

The Options may be exercised by notice in writing to the Company in the manner specified on the Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

Any Notice of Exercise of an Option received by the Company will be deemed to be a notice of the exercise of that Option as at the date of receipt.

1.6 Shares issued on Exercise

Shares issued on exercise of the Options rank equally with the then issued Shares.

1.7 Timing of the Issue of Shares on Exercise

Within 15 business days of a Notice of Exercise being given in accordance with these terms and conditions and payment of the Exercise Price for each Option being exercised, the Company will:

- (a) issue the Shares pursuant to the exercise of the Options; and
- (b) apply for official quotation on ASX of Shares issued pursuant to the exercise of the Options.

1.8 Participation in New Issues

There are no participation rights or entitlements inherent in the Options and Optionholders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least 4 business days after the issue is announced. This will give the holders of

Options the opportunity to exercise their Options prior to the date for determining entitlements to participate in any such issues.

1.9 Adjustment for Bonus Issues of Shares

If the Company makes a bonus issue of Shares or other securities to existing Shareholders (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment):

- (a) the number of Shares which must be issued on the exercise of an Option will be increased by the number of Shares which the Optionholder would have received if the holder of an Option had exercised the Option before the record date for the bonus issue; and
- (b) no change will be made to the Exercise Price.

1.10 Adjustment for Entitlement Issue

If the Company makes an issue of Shares pro rata to existing Shareholders (other than as a bonus issue, to which paragraph 1.8 of this Schedule 2 will apply there will be no adjustment of the Exercise Price of Options or the number of Shares over which the Options are exercisable.

1.11 Adjustment for Reorganisation

If there is any reorganisation of the issued share capital of the Company, the rights of the Optionholders will be varied in accordance with the ASX Listing Rules.

1.12 Transferability

The Options are not transferrable before they vest, but may be transferred following their vesting.

1.13 Dividend entitlement

Options do not carry any dividend entitlement.

1.14 Not quoted

Upon their issue, the Options will not be quoted on ASX or any other financial market.

Schedule 3 – Rights attaching to the Options to be issued to Joel Latham (Resolution 2)

The rights attaching to the Options to be issued to Joel Latham are set out in Section 5.4 and in this Schedule 3.

1.1 Entitlement

Each Option entitles the holder to apply for one Share upon the exercise of the Option.

1.2 Exercise Price and Expiry Date

Each of the Options have an exercise price that is equal to the 15-day VWAP of Shares traded on ASX immediately prior to the date of issue, rounded (up or down) to the nearest whole cent (**Exercise Price**). The expiry date of each Option is 5.00pm (AEST) on the date that is 5 years after the relevant Vesting Date (**Expiry Date**).

1.3 Vesting Date and Exercise Period

The Options are exercisable from the following dates (each, a **Vesting Date**), subject to satisfaction of the Vesting Condition:

- (a) 750,000 Options vest on 1 July 2021;
- (b) 750,000 Options vest on 1 July 2022; and
- (c) 750,000 Options vest on 1 July 2023.

1.4 Vesting Condition

The Vesting Condition requires Joel Latham to remain employed by the Company at the relevant Vesting Date.

1.5 Notice of Exercise

The Options may be exercised by notice in writing to the Company in the manner specified on the Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

Any Notice of Exercise of an Option received by the Company will be deemed to be a notice of the exercise of that Option as at the date of receipt.

1.6 Shares issued on Exercise

Shares issued on exercise of the Options rank equally with the then issued Shares.

1.7 Timing of the Issue of Shares on Exercise

Within 15 business days of a Notice of Exercise being given in accordance with these terms and conditions and payment of the Exercise Price for each Option being exercised, the Company will:

- (a) issue the Shares pursuant to the exercise of the Options; and
- (b) apply for official quotation on ASX of Shares issued pursuant to the exercise of the Options.

1.8 Participation in New Issues

There are no participation rights or entitlements inherent in the Options and Optionholders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least 4 business days after the issue is announced. This will give the holders of

Options the opportunity to exercise their Options prior to the date for determining entitlements to participate in any such issues.

1.9 Adjustment for Bonus Issues of Shares

If the Company makes a bonus issue of Shares or other securities to existing Shareholders (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment):

- (a) the number of Shares which must be issued on the exercise of an Option will be increased by the number of Shares which the Optionholder would have received if the holder of an Option had exercised the Option before the record date for the bonus issue; and
- (b) no change will be made to the Exercise Price.

1.10 Adjustment for Entitlement Issue

If the Company makes an issue of Shares pro rata to existing Shareholders (other than as a bonus issue, to which paragraph 1.8 of this Schedule 3 will apply there will be no adjustment of the Exercise Price of Options or the number of Shares over which the Options are exercisable.

1.11 Adjustment for Reorganisation

If there is any reorganisation of the issued share capital of the Company, the rights of the Optionholders will be varied in accordance with the ASX Listing Rules.

1.12 Transferability

The Options are not transferrable before they vest, but may be transferred following their vesting.

1.13 Dividend entitlement

Options do not carry any dividend entitlement.

1.14 Not quoted

Upon their issue, the Options will not be quoted on ASX or any other financial market.

Schedule 4 – Rights attaching to the Options to be issued to Dr Sud Agarwal (Resolution 3)

The rights attaching to the Options are set out below.

1.1 Entitlement

Each Option entitles the holder to subscribe for one Share upon the exercise of the Option.

1.2 Exercise Price and Expiry Date

The Options have an exercise price of \$0.20 per Option (**Exercise Price**) and an expiry date of 5.00pm (AEST) on 30 September 2021 (**Expiry Date**).

1.3 Exercise Period

The Options vest upon the Shares having a closing price of \$0.20 per Share or more for any five (5) trading days, at any time from the date of grant of the Options until the Expiry Date of the Options (being 30 September 2021).

1.4 Notice of Exercise

As any time after vesting and before their Expiry Date, the Options may be exercised by notice in writing to the Company in the manner specified on the Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

Any Notice of Exercise of an Option received by the Company will be deemed to be a notice of the exercise of that Option as at the date of receipt.

1.5 Shares issued on Exercise

Shares issued on exercise of the Options rank equally with the then issued Shares.

1.6 Timing of the Issue of Shares on Exercise

Within 15 business days of a Notice of Exercise being given in accordance with these terms and conditions and payment of the Exercise Price for each Option being exercised, the Company will:

- (a) issue the Shares pursuant to the exercise of the Options; and
- (b) apply for official quotation on ASX of Shares issued pursuant to the exercise of the Options.

1.7 Participation in New Issues

There are no participation rights or entitlements inherent in the Options and Optionholders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least 4 business days after the issue is announced. This will give the holders of Options the opportunity to exercise their Options prior to the date for determining entitlements to participate in any such issues.

1.8 Adjustment for Bonus Issues of Shares

If the Company makes a bonus issue of Shares or other securities to existing Shareholders (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment):

- (a) the number of Shares which must be issued on the exercise of an Option will be increased by the number of Shares which the Optionholder would have received if the holder of an Option had exercised the Option before the record date for the bonus issue; and
- (b) no change will be made to the Exercise Price.

1.9 Adjustment for Entitlement Issue

If the Company makes an issue of Shares pro rata to existing Shareholders (other than as a bonus issue, to which paragraph 1.8 of this Schedule 4 will apply there will be no adjustment of the Exercise Price of Options or the number of Shares over which the Options are exercisable.

1.10 Adjustment for Reorganisation

If there is any reorganisation of the issued share capital of the Company, the rights of the Optionholders will be varied in accordance with the ASX Listing Rules.

1.11 Transferability

The Options are not transferrable before they vest, but may be transferred following their vesting

1.12 Dividend entitlement

Options do not carry any dividend entitlement.

1.13 Not quoted

Upon their issue, the Options will not be quoted on ASX or any other financial market.

Schedule 5 - Terms of Performance Rights (Resolution 3)

The following is a summary of the terms and conditions of the Performance Rights. In addition to the terms set out in this Schedule 5, the Milestone Performance Rights and Value Based Performance Rights are also subject to additional terms set out in Section 6 of this Notice.

1.1 Performance Rights

Each Performance Right is a right to a fully paid ordinary share (**Share**) in the capital of the Company.

1.2 General Meetings

Each Performance Right does not confer upon the holder (**Holder**) the right to receive notices of general meetings and financial reports and accounts of the Company that are circulated to holders of fully paid ordinary shares in the capital of the Company.

1.3 Dividend and Voting Rights:

A Performance Right does not confer upon the Holder an entitlement to vote or receive dividends.

1.4 No Rights to Return of capital

A Performance Right does not entitle the Holder to a return of capital, whether in a winding upon a reduction of capital or otherwise.

1.5 Share Ranking

All Shares issued upon exercise of the Performance Rights will upon issue rank *pari passu* in all respects with all other Shares.

1.6 Listing of Shares on ASX

At the time of exercise of the Performance Rights and issue of Shares, the Company will apply for quotation of all Shares issued pursuant to the exercise of Performance Rights on ASX within the period required by ASX.

1.7 Transfer of Performance Rights

A Performance Right is not transferable (including encumbering the Performance Rights). Unless the relevant dealing is effected by force of law on death or legal incapacity to the Holder's legal personal representative or the Board otherwise determines, a Holder may not dispose of a Performance Right that has been granted to them. The Company may require that a Performance Right be forfeited if a disposal occurs or is purported to occur other than in accordance with these terms.

1.8 Participation in new issues

There are no participation rights or entitlements inherent in the Performance Rights and holders will not be entitled to participate in new issues of capital offered to Members during the currency of the Performance Rights.

1.9 Adjustment for reconstruction

If, at any time, the issued capital of the Company is reorganised (including consolidation, subdivision, reduction or return), all rights of a holder of a Performance Right (including the exercise conditions) are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reorganisation.

1.10 Exercise of Performance Rights

Subject to paragraph 1.12 below, each Performance Right confers upon the Holder the right to be issued one Share at a nil exercise price upon the receipt of a written notice from the relevant Holder requesting that the Performance Right is exercised following achievement of the milestones as set out in Section 6.

1.11 Deferral of Exercise if resulting in a prohibited acquisition of Shares

If the exercise of a Performance Right would result in any person being in contravention of section 606(1) of the Corporations Act (**Prohibition**), the exercise of those Performance Rights shall be deferred until such time or times when the exercise would not result in a contravention of the Prohibition. In assessing whether the exercise of a Performance Right would result in any person being in contravention of the Prohibition:

- (a) Holders may give written notice to the Company if they consider that the exercise of a Performance Right may result in contravention of the Prohibition. The absence of such written notice from the Holder will entitle the Company to assume that the exercise of a Performance Right will not result in any person being in contravention of the Prohibition.
- (b) the Company may (but is not obliged to) by written notice to a Holder request that a Holder provides the written notice referred to in paragraph 1.11(a) within 7 days if the Company considers that the exercise of a Performance Right may result in the contravention of the Prohibition. The absence of such written notice from the Holder will entitle the Company to assume that the exercise of a Performance Right will not result in any person being in contravention of the Prohibition.

1.12 Lapse if performance measure not achieved

For the Value Based Performance Rights, if the relevant performance milestone is not achieved before 22 November 2021 then each of the relevant Value Based Performance Rights will automatically lapse.

For the Milestone Performance Rights, if the relevant milestone is not achieved by the relevant milestone date (outlined in Section 6.5) then each of the relevant Milestone Performance Rights will automatically lapse.

1.13 Expiry

The Performance Rights (vested but not yet exercised) will automatically lapse on the first anniversary of the relevant Milestone being achieved.

1.14 Exercise procedure

The Company will issue the Holder with a new holding statement for any Share issued upon exercise of a Performance Right within 10 business days following exercise.

1.15 Tranches

Performance Rights issued to a Holder may be exercised in tranches at the request of the Holder subject to paragraph 1.10.

1.16 Continued service

A Holder must be a Director, consultant or employee of the Company or a subsidiary thereof. A Holder's entitlement to any Performance Rights in relation to Milestones that have not been met, ceases upon the date the Holder ceases to be an employee of the Company. For the avoidance of doubt, for any Milestone met prior to the date of cessation of service, the Holder remains entitled to exercise the relevant Performance Rights and be issued Shares, regardless of whether the Holder remains a Director, consultant or employee of the Company or a subsidiary thereof at the time of exercise.

1.17 Control Events

Performance Rights issued to a Holder will be immediately exercised and Shares issued to the Holder on the occurrence of any of the following events:

- (a) a takeover bid is made to acquire all or some of the ordinary shares in the capital of the Company and the directors of the Company recommend to shareholders that the takeover bid be accepted;
- (b) a court approves a scheme of arrangement which would result in a person having a relevant interest in more than 50% of the ordinary shares in the capital of the Company; or
- (c) the Company announces to the ASX an intention to sell all or substantially all of its business undertakings or assets.

If you are attending the meeting in person, please bring this with you for Securityholder registration.

Holder Number:

Vote by Proxy: IHL

Your proxy voting instruction must be received by **10.30am (AEST) on Wednesday, 24 June 2020**, being **not later than 48 hours** before the commencement of the Meeting. Any Proxy Voting instructions received after that time will not be valid for the scheduled Meeting.

SUBMIT YOUR PROXY VOTE ONLINE

Vote online at <https://investor.automic.com.au/#/loginsah>

Login & Click on 'Meetings'. Use the Holder Number as shown at the top of this Proxy Voting form.

- ✓ **Save Money:** help minimise unnecessary print and mail costs for the Company.
- ✓ **It's Quick and Secure:** provides you with greater privacy, eliminates any postal delays and the risk of potentially getting lost in transit.
- ✓ **Receive Vote Confirmation:** instant confirmation that your vote has been processed. It also allows you to amend your vote if required.



SUBMIT YOUR PROXY VOTE BY PAPER

Complete the form overleaf in accordance with the instructions set out below.

YOUR NAME AND ADDRESS

The name and address shown above is as it appears on the Company's share register. If this information is incorrect, and you have an Issuer Sponsored holding, you can update your address through the investor portal: <https://investor.automic.com.au/#/home> Shareholders sponsored by a broker should advise their broker of any changes.

VOTING UNDER STEP 1 - APPOINTING A PROXY

If you wish to appoint someone other than the Chairman of the Meeting as your proxy, please write the name of that Individual or body corporate. A proxy need not be a Shareholder of the Company. Otherwise if you leave this box blank, the Chairman of the Meeting will be appointed as your proxy by default.

DEFAULT TO THE CHAIRMAN OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chairman of the Meeting, who is required to vote these proxies as directed. Any undirected proxies that default to the Chairman of the Meeting will be voted according to the instructions set out in this Proxy Voting Form, including where the Resolutions are connected directly or indirectly with the remuneration of KMP

VOTES ON ITEMS OF BUSINESS – PROXY APPOINTMENT

You may direct your proxy how to vote by marking one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

APPOINTMENT OF SECOND PROXY

You may appoint up to two proxies. If you appoint two proxies, you should complete two separate Proxy Voting Forms and specify the percentage or number each proxy may exercise. If you do not specify a percentage or number, each proxy may exercise half the votes. You must return both Proxy Voting Forms together. If you require an additional Proxy Voting Form, contact Automic Registry Services.

SIGNING INSTRUCTIONS

You must sign this form as follows in the spaces provided

Individual Where the holding is in one name, the Shareholder must sign.

Joint holding: Where the holding is in more than one name, all of the Shareholders should sign.

Power of attorney: If you have not already lodged the power of attorney with the registry, please attach a certified photocopy of the power of attorney to this Proxy Voting Form when you return it.

Companies: To be signed in accordance with your Constitution. Please sign in the appropriate box which indicates the office held by you.

Email Address: Please provide your email address in the space provided.

By providing your email address, you elect to receive all communications despatched by the Company electronically (where legally permissible) such as a Notice of Meeting, Proxy Voting Form and Annual Report via email.

CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting the appropriate 'Appointment of Corporate Representative' should be produced prior to admission. A form may be obtained from the Company's share registry online at <https://automic.com.au>.

ATTENDING THE MEETING

Completion of a Proxy Voting Form will not prevent individual Shareholders from attending the Meeting in person if they wish. Where a Shareholder completes and lodges a valid Proxy Voting Form and attends the Meeting in person, then the proxy's authority to speak and vote for that Shareholder is suspended while the Shareholder is present at the Meeting.

POWER OF ATTORNEY

If a representative as power of attorney of a Shareholder of the Company is to attend the Meeting, a certified copy of the Power of Attorney, or the original Power of Attorney, must be received by the Company in the same manner, and by the same time as outlined for proxy forms.

By providing your email address, you elect to receive all of your communications despatched by the Company electronically (where legally permissible).